

The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

NIC 01152-85
5 March 1985

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: [REDACTED] 25X1
Acting National Intelligence Officer for Economics

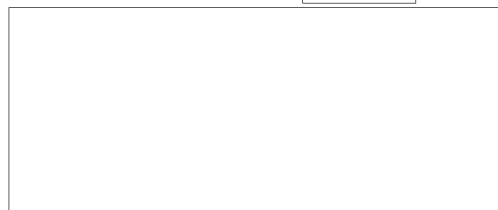
SUBJECT: Your Inquiry about Private Property in China [REDACTED] 25X1

1. The Chinese government recently began restoring residential property rights to some persons who had their buildings confiscated after the revolution. The persons involved are those small private entrepreneurs who were allowed to run joint state/private businesses for a time in the early 1950s. The restoration of rights is limited to buildings only--the government owns all land in China--and probably applies only to a few hundred persons.

- o Most of these private entrepreneurs have died.
- o Much of the property was destroyed in the 1966-76 period.

The property is located mainly in coastal cities, particularly Shanghai. By restoring these rights, Beijing is apparently trying to project a more moderate image to overseas Chinese and, particularly, to those on Taiwan. [REDACTED] 25X1

2. This program is, of course, part of the larger effort to promote private entrepreneurship in China. It is still unclear how much private ownership of capital will be allowed under the overall effort. Some individuals have purchased used trucks and tractors from the government. One entrepreneur recently bought a surplus tugboat from the Navy but hasn't been able to purchase any barges yet. Some factories assigned low official quotas are being encouraged to use surplus capacity to produce consumer goods. The managers of these factories are being told they will be able to use profits realized from their sales to purchase domestic and foreign equipment to expand capacity further. [REDACTED] 25X1



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SUBJECT: Your Inquiry about Private Property in China

Acting NIO/Econ/DL:rr

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